

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a firm trend today as CCI procurement has slowed down and major markets are closed due to lockdown restrictions. MCX cotton spot price was higher at Rs.24,800/bale on Friday. ICE cotton futures closed green on Thursday.

News: Cotton cultivation area has been down by 48 percent due to erratic monsoon. Cotton cultivation is down by 48 percent at 37.14 lakh hectares as almost all the major producing states have seen a sluggish planting. Cotton sowing is down in Maharashtra (15.11 lakh hectares), in Gujarat (8.15 lakh hectares), Madhya Pradesh (3.70 lakh hectares), Telangana (3.40 lakh hectares), Punjab (1.98 lakh hectares), Karnataka (0.83 lakh hectares), Haryana (0.63 lakh hectares), and Rajasthan (0.60 lakh hectares) and in Andhra Pradesh (0.32 lakh hectares).

Cotton crop gets affected due to Pink Bollworm in Bathinda. The Cotton farmers and the officials of State Agriculture Department are worried as the infestation of pink bollworm was reported from 6 villages in Bathinda. The agriculture Department is on its toes as it is for the second consecutive year that the pest attack has been reported in the southern Punjab.

The Ambala Railway Division of Northern Railway in collaboration with MGH Group has loaded a special parcel train for Beanpole in Bangladesh with cotton yarn at Ambala Cantonment railway station. The parcel train consists of 20 parcel vans each was loaded with 430 cartons weighing 23 tonnes. Earlier merchants in and around Punjab and Haryana were transporting these commodities by road to Bangladesh in small quantities but due to lockdown and the transportation turning costly they are now transporting it through railways. The cost per tonne comes out to be Rs. 5,491 which is very cheap as compared to road transport.

Cotton Association of India has urged the government to withdraw the import duty on cotton. Cotton Association of India has reiterated its request to withdraw import duty on cotton. As per CAI if the import duty is not removed the domestic prices will go up further and create more hardship to the domestic textile sector. Currently, the 10 percent import duty levied on cotton is not in the interest of the nation as it does more harm than good and also the interest of the domestic textile sector would be served better if 10% import duty on cotton is withdrawn immediately.

Cotton sowing in Rajasthan is behind 2 lakh hectares than the same period last year. Cotton was sown in 5.28 lakh hectares of area for the coming kharif season 2021-22 as against the 5.8 lakh hectares last year. The government has set a sowing target of 7.8 lakh hectares where as in the previous season cotton was sown in 8.08 lakh hectares.

Textile Minister calls for study on cotton yarn prices. Due to sudden spike in the cotton yarn prices, the Union Textile Minister Smriti Zubin Irani called a third party study of higher cotton yarn prices which affects the prospects across the value chain of Indian textiles.

Cotton growing regions may face severe climate risk. According to the global study, Climate change could expose half of all global cotton growing regions, including India, to high risk from temperature increases, change in rainfall pattern, and extreme weather events. Under a worst-case climate scenario, all global cotton-growing regions will be exposed to increased risk from at least one climate hazard by 2040.

Shanker -6 Cotton price may rise in coming months. Cotton price of Shanker-6 is currently the highest in the decade. It is expected to rise further in the coming months to reach Rs. 52,027 per candy by the end of 2021 from Rs. 49,012 per candy in June 2021. This can be attributed to increasing purchase by domestic cotton mills and demand from overseas market.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over West Uttar Pradesh, Kerala & Mahe, and Lakshadweep and with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, East Uttar Pradesh, East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand and Gangetic West Bengal, Odisha, Coastal Andhra Pradesh & Yanam, Telangana, South Interior Karnataka and Tamil Nadu, Puducherry & Karikal. Thunderstorm very likely at isolated places over Punjab & Haryana. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya and heavy to very heavy rainfall at isolated places over Bihar, Sub-Himalayna West Bengal & Sikkim and heavy rainfall at isolated places over Himachal Pradesh, Uttarakhand, Chhattisgarh, Nagaland, Bihar, Tamil Nadu, Pondicherry & Karikal.

International Fundamentals:

The ICE cotton Futures was higher by 98 points at 85.01 cents/lb. The Cotlook A index was 10 points higher at 96.7 cents/lb. The AWP for cotton was at 74.7 cents/lb.

The US Department of Agriculture has increased the cotton crop estimate by 5 percent for the coming 2021-22 season.

According to USDA's Cotton and Wool Outlook report, global cotton production in 2021-22 is forecasted at 118.9 million bales, 5 percent above the previous year's but 2 percent below the 2019-20 production. Larger cotton crops are forecasted for most of the major cotton-producing countries in 2021-22, led by the United States, Brazil, and Australia. For the 2021-22 season, India is expected to produce larger cotton crop accounting for more than 24 percent of the world's production. India's cotton crop is projected at 29.0 million bales and is 500,000 bales above the 2020-21 season. The area under cotton cultivation is forecasted at 13.0 million hectares for 2021-22 and an improvement in yield is expected to 486 kg per hectare.

According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) report, U.S. cotton production for the season 2021-22 shows a 100,000 bales increase in exports from the previous month, to 14.8 million bales. The U.S. production and consumption remain unchanged from last month and with lowering beginning stocks and higher exports, ending stocks are now 200,000 bales lower at 2.9 million bales.

The cotton Business of Thailand has started to recover as global economy recovers. With improving health condition and global economy the cotton business has started recovering, the cotton imports of the country were 700 thousand 480 lb bales in 2019-20 which have dropped to 550 thousand 480 lb bales in 2020-21 but is now likely to rise by 9.09 percent to 600 thousand lb bales in 2021-22.

Textile sector in turkey seeks global cooperation to boost production. As the global economy recovers from the pandemic, the Turkish textile sector wants to start a new era of collaboration with international companies and brands to exceed its \$ 100 billion production capacity. Turkey is the world's fifth largest supplier of textile, expects to export approximately \$12 billion worth of textile in 2021.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+100	24610	24680	24510	24650	432	6865

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	02-Jul-21	01-Jul-21	
Gujarat	Ahmedabad	Shankar-6	7750	7750	Unch
	Gondal	Shankar-6	7755	7655	100
	Rajkot	B.T. Cotton	7900	7865	35
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7200	7250	-50
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6400	6300	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	7350	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	7409	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	02-Jul-21	01-Jul-21	
Punjab	Bhatinda	J-34	5180	5150	30
	Abohar	J-34	5180	5150	30
	Mansa	J-34	5180	5150	30
Haryana	Sirsa	J-34	5120	5100	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	02-Jul-21	01-Jul-21	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	125	112	13
	Rajkot	B.T. Cotton	500	400	100
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	340	170
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	3000	4000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	161	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	162	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	02-Jul-21	01-Jul-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	02-Jul-21	01-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1345	1330	15
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1300	1300	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1330	1355	-25

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	02-Jul-21	01-Jul-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2915	2916	-1
Maharashtra	Akola	Rs./Qtl	2935	2916	20

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	25-Jun-21	22-Jun-21	Change
CCIndex(328)	RMB/Ton	16087	15842	245
CCIndex(527)	RMB/Ton	15208	15041	167
CCIndex(229)	RMB/Ton	16423	16247	176

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	25-Jun-21	21-Jun-21	Change
FC Index (S)	Cents/lb	98.6	96.96	1.64

FC Index (M)	Cents/lb	97.32	95.91	1.41
FC Index (L)	Cents/lb	96.13	94.85	1.28

Cotlook Index:

Cotlook Indices	Unit	30-Jun-21	29-Jun-21	Change
A-Index	Cents/Pound	96.7	96.6	0.10

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Jun-21	30-Jun-21	Bales
Southeast	cents/lb.	84.26	86.51	0
North Delta	cents/lb.	83.26	85.51	678
South Delta	cents/lb.	83.26	85.51	0
East TX-OK	cents/lb.	80.76	83.51	83
West Texas	cents/lb.	80.76	83.51	1220
Desert SW	cents/lb.	78.51	82.01	1
SJ Valley	cents/lb.	79.01	87.91	0

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

Pakistan Cotton Spot rates: As on 01-July-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12780
Equivalent	40 Kgs	10074	193	13375

Daily Futures Price Listing Thursday, July 01st, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210701	85.01	85.01	85.01	85.01	+0.98	1	4	-1
Oct-21	210701	85.93	87.32	85.65	86.49	+0.98	44	282	+1
Dec-21	210701	85.05	86.85	84.92	85.90	+1.00	11,696	147,440	+1,156
Mar-21	210701	84.96	86.56	84.81	85.79	+1.08	2,417	37,406	+244
May-22	210701	84.66	86.25	84.60	85.56	+1.11	552	7,414	+25
Jul-22	210701	83.77	85.29	83.77	84.83	+1.25	407	9,895	+87
Total Volume and Open Interest							15,593	215,448	+1,921

Source: MRCI

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